

Message Text

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INFO OCT-01 ISO-00 SSO-00 (ISO) R

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APPROVED BY: EB:NLPZDRAL

S/S-O:PJOHNSON

DIST: S/S, EX ONLY

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS PRIORITY

S E C R E T STATE 138177

EXDIS FOR ASSIST SEC ENDERS

FOLLOWING REPEAT JIDDA 4206 ACTION SECSTATE DTD 11 JUN

QTE

S E C R E T JIDDA 4206

EXDIS

E.O.: 11652: GDS

TAGS: PINT, SA

SUBJ: NORTHROP'S PROBLEMS AND AGENTS FEES

REF : A. STATE 135889; B. JIDDA 4138

1. MINDEF PRINCE SULTAN'S LEGAL ADVISOR, DR. GHAZI
NUSEIBEH CALLED THE AMBASSADOR AT 2000 LOCAL (1700 GMT)
TONIGHT, JUNE 11 ON BEHALF OF PRINCE SULTAN TO ENQUIRE
URGENTLY WHETHER THE DEPARTMENT HAD RELEASED THE STATE-
MENT PROPOSED BY PRINCE SULTAN (PARA 8 REB B) AND IF NOT
WHEN IT WOULD BE RELEASED. NUSEIBEH ALSO SAID THAT
PRINCE SULTAN WANTED THE TEXTS OF HIS MAY 17 LETTER TO
ASST SECDEF ELLSWORTH AND HIS JUNE 10 LETTER TO GENERAL

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FISH RELEASED.

2. THE AMBASSADOR REPLIED THAT THE PROPOSED STATEMENT HAD NOT BEEN MADE YET AND THAT HE DID NOT KNOW WHEN IT WOULD BE MADE. (AMBASSADOR, WHO HAD RETURNED TO THE RESIDENCE TEN MINUTES EARLIER FROM TWO DAYS IN DHAHRAN HAD NOT YET SEEN REF A.)

3. IF WE DO NOT MAKE THE PROPOSED STATEMENT WE STRONGLY SUSPECT SULTAN WILL FEEL HIMSELF UNDER PRESSURE TO MAKE A STATEMENT OF HIS OWN UNILATERALLY. IN THAT CASE HE ALMOST CERTAINLY WOULD REVERT TO THE WORDING THAT THE AMBASSADOR PERSUADED HIM SHOULD NOT BE USED IN THE STATEMENT, VIZ. HE "...DID NOT KNOW OF ANY AGENTS FEES IN THE PAST IN CONNECTION WITH FMS SALES (AND) WOULD NOT HAVE APPROVED THEM" HAD HE KNOWN. THIS WE ASSUME WOULD CREATE CERTAIN LEGAL PROBLEMS FOR NORTHROP AND PERHAPS FOR DOD.

4. SULTAN ALSO REQUESTED AGAIN THROUGH NUSEIBEH THAT HE BE INFORMED IN ADVANCE OF ANY INFORMATION LIKELY TO EMERGE FROM THE HEARINGS RELATING TO COMMISSION FEES ON ARMS SALES. BY THIS WE THINK HE MEANS IN PARTICULAR INFORMATION LIKELY TO RELATE TO HIS OWN INVOLVEMENT OR TO THAT OF ANY MEMBER OF THE ROYAL FAMILY.

5. ACTION REQUESTED: THAT THE DEPARTMENT OR DOD ISSUE THE STATEMENT ALONG THE LINES PROPOSED PARA 8 REN B AND THAT THE DEPARTMENT OR DOD RELEASE THE TEXT OF SULTAN'S TWO LETTERS.

6. IF THIS CAN NOT BE DONE, WE PROPOSE THAT INSTEAD OF GIVING SULTAN THE RATIONALE IN REF A WHY WE DO NOT WISH TO RELEASE IT THAT THE AMBASSADOR SIMPLY EXPLAIN TO SULTAN JUNE 13 OR 14 (WHEN HE EXPECTS TO SEE HIM) THAT WE THINK THE ISSUE IS DYING DOWN AND WE DO NOT WISH TO REVIVE IT BY A PRESS STATEMENT.

7. COMMENT: THE AMBASSADOR JUNE 10 INFORMED TOM BARGER (ONE OF NORTHROP'S OUTSIDE DIRECTORS) OF THE STATEMENT SULTAN HAD AGREED TO RELEASE. BARGER, WHO RELAYED THE INFORMATION TO NORTHROP THIS MORNING (JUNE 11), WAS ELATED;
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HE SAID IT WAS FAR MORE THAN NORTHROP COULD HAVE HOPED TO GET AND HE WAS SURE THIS WOULD GET NORTHROP OFF THE HOOK.

8. THE AMBASSADOR PROPOSED TO SULTAN IN THEIR JUNE 9 MEETING ALMOST THE PRECISE WORDING OF PARA 2 REF A. SULTAN REFUSEDGN SAID IT DID NOT GO FAR ENOUGH, THAT HE WANTED AN UNEQUIVOCAL STATEMENT PROHIBITING ALL REPEAT ALL AGENTS FEES ON FUTURE FMS CASES.

9. KHOSHOGGI HAS CONSIDERABLE INTERESTS IN SAUDI ARABIA
AND WE BELIEVE IT IS UNLIKELY THAT HE WILL PRESS NORTHROP
FOR THE FULL COMMISSIONS. NORTHROP, HOWEVER, IS ALSO
UNLIKELY TO BE ABLE TO RETRIEVE THE \$6 MILLION ADVANCE IT
GAVE TO KHOSHOGGI. BUT WE DO NOT BELIEVE IT IS OUR
RESPONSIBILITY TO PROTECT NORTHROP RETROACTIVELY FROM ITS
OWN STUPIDITIES.
AKINS UNQTE KISSINGER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIBERY, CORRUPTION, INVESTIGATIONS, US CONGRESSIONAL HEARINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE138177
Document Source: CORE
Document Unique ID: 00
Drafter: EB:NLPAZDRAL
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750205-1184
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750655/aaaabxye.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 135889, 75 JIDDA 4138
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by MartinML>; APPROVED <01 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NORTHROP'S PROBLEMS AND AGENTS FEES
TAGS: PINT, SA, US, NORTHROP
To: OECD PARIS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006